

AR21

Southam Inc.



Annual Report
1980

Southam Inc.

a constrained share company (see note 10 page 12), incorporated under the Companies Act of Canada by Letters Patent dated December 7, 1927, and commenced business on January 1, 1928. The company was continued under the Canada Business Corporations Act on December 20, 1978. Since May 1945 the shares of the company have been listed on the Montreal, Toronto and Vancouver stock exchanges. Stock Transfer Agent, The Royal Trust Company; Stock Registrar, The Bankers Trust Company.

Annual general meeting

The annual general meeting of the shareholders of the company will be held at 3:00 p.m. on Thursday, April 23, 1981 in the conference room, 10th floor, Confederation Life Building, 321 Bloor Street East, Toronto.

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Our cover

Four distinct graphic symbols are linked to form our cover design. Each symbol is printed in one of the basic process colors normally used to reproduce photos or art in full color.

Southam Newspapers

The letter 'N' in the ancient gothic style popularly used in newspaper mastheads until the mid-fifties.

Southam Printing

The letter 'P' in contemporary sans serif with a magnification of the dot pattern used to control optical color densities.

Southam Communications

The letter 'C' shaped to meet the requirements of computerized optical character recognition.

Coles Book Stores

The letter 'B' poetically stylized to simulate the shape of a book.

The year's results at a glance
 Consolidated, with comparative figures for 1979

1980**1979**

(Thousands of dollars except where indicated*)

Income

Gross revenues	\$ 608,616	\$ 487,367
Gross expenses (excluding depreciation and amortization)	528,885	416,157
Depreciation and amortization	17,750	12,571
Income taxes	26,858	24,579
Income from continuing operations	35,123	34,060
*per common share	2.82	2.74
Extraordinary and other items	(5,734)	5,590
Net income	29,389	39,650
Dividends paid	19,960	14,989
*per common share	1.60	1.20

Financial position

Working capital	\$ 16,744	\$ 13,588
Investments	43,698	48,347
Fixed assets (net)	200,120	117,318
Goodwill	62,737	30,030
Long term debt	125,416	27,289
Deferred income taxes	30,198	22,932
Shareholders' equity	169,073	159,406
Return on equity — historical (adjusted)	17.7%	18.0%
— adjusted for inflation	8.9%	9.9%

Statistics

** Advertising lineage — newspapers (1,000s)	458,908	433,994
Advertising pages — magazines (1,000s)	18	17
Daily newspaper circulation — December (1,000s)	1,476	1,155
Number of employees	10,795	9,571
** Salaries, wages and employee benefits	\$ 205,291	\$ 167,841
* Price range per common share	\$43.50 - \$27.75	\$29.00 - \$24.75

**Includes Winnipeg Tribune to August 26, 1980.

Directors' report

Your directors take pleasure in submitting the annual report of the company for the year ended 31 December, 1980.

Last year's directors' report concluded with the sentence, "An improvement in return on equity, after adjusting for inflation, is a specific and achievable goal for 1980".

In the event this goal was not achieved. A number of opportunities and circumstances arose during the year that were not anticipated and these had a negative impact on the fiscal year. The result was an increase of only 3.1 percent in income from continuing operations to \$35,123,000 and a 12.7 percent reduction in income before extraordinary items to \$28,326,000.

In addition, a major capital gain in 1979 from the sale of surplus Calgary real estate was not repeated and net income of \$29,389,000 was \$10,261,000 below the previous year.

In retrospect, 1980 was a year in which net income fell well short of our original expectations, but it was also a year in which special factors were dominant and the company ended the year with an improved market share in all principal business categories.

The special factors

During the second quarter the Montreal Gazette and the Edmonton Journal moved into new production facilities. In the case of The Gazette, the move into the buildings formerly owned by the Montreal Star was delayed for almost six months while the rights of ex-Star employees under the Quebec Labour Code were resolved. During this delay The Gazette's operating costs were significantly increased by having to produce a newspaper that had grown well beyond the capacity of its obsolete plant. These costs appeared as excessive overtime and the printing of sections and complete papers by outside suppliers. Additional expense was incurred to modify The Star buildings to meet The Gazette's requirements. By year-end the new facility was operating well.

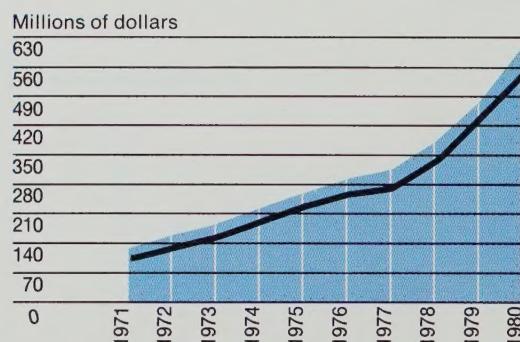
Start up costs at the new Edmonton Journal plant also exceeded budget. Much of the equipment in that plant represented our first application of new printing technologies and bringing it "on stream", in a period when the Journal's circulation was increasing, represented a real challenge to all the paper's employees. By year-end the worst of these cost overruns had been contained.

The construction of a new integrated facility for the Calgary Herald has proceeded on schedule. When completed this new plant will have cost approximately \$60,000,000. Of this, almost \$40,000,000 was paid in 1980 and in keeping with our policy, depreciation and interest costs were charged to current expense although the Herald will not move to the new site until late in 1981.

In August, after nearly ten years of losses, the directors decided that the Winnipeg Tribune should cease publication. The Tribune's losses for the year before closure and the termination costs after closure amounted to \$6,797,000 net of tax. This has been treated as a separate item on the consolidated state-

Gross Revenue from Operations
1980 \$605,120,000

Gross Expenses
1980 \$546,635,000



ment of income and 1979 results have been restated for consistency.

Also in August, Southam entered into an agreement to acquire for \$57,250,000 the one-half of Pacific Press and one-third of the Montreal Gazette then owned by Thomson Newspapers Limited. Carrying costs between the date of purchase and year-end exceeded the enlarged equity in the earnings of both properties.

Coincident with these August transactions was a separate decision by the Ottawa Journal to suspend publication. The immediate result was to throw greater demands on Southam's Ottawa Citizen, the circulation of which had increased by about 40,000 by year-end. Although this represented a 30 percent increase in subscribers and caused proportionate increases in costs, particularly for newsprint, The Citizen made no price adjustments while the market was settling into a new equilibrium.

Taken together we estimate that the aggregate negative impact of these events amounts to approximately 97 cents per common share.

A number of circumstances, specifically the elimination of Tribune results from operations, the consolidation of Pacific Press results for the period since acquisition and the advertising and circulation growth at the Ottawa Citizen, have distorted some of the statistics included in this report. This is dealt with in more detail on pages 16 and 17.

Other operations

Following the practice of recent years, results by business segment are set out in some detail on pages 14 and 15.

Southam Printing and Southam Communications enjoyed record results in terms of both revenues and income. Further comment is included on pages 18 and 20.

Coles Book Stores did not fare as well. Its reduced contribution to income was not sufficient to meet carrying charges which increased significantly as interest rates rose to record levels. More detailed comment is included on page 22.

Associated companies

Southam has an interest in a number of other companies in the communications field. These are accounted for on an equity basis. In 1980 the equity in the net income of these companies increased 11.6 percent to \$3,496,000.

Since its formation in 1957, Pacific Press has been a major contributor to equity income, although an eight month strike which ended in June, 1979 resulted in large losses in that year. In 1980, the results of Pacific Press were dealt with on an equity basis prior to acquisition of control and subsequently have been consolidated with the operations of our other newspapers. Details of the acquisition are set out in note 2 to the financial statements on page 10.

Southam's 38 percent of the equity of Selkirk Communications now represents the company's only investment in the broadcast media. As a public company Selkirk publishes its own report to its shareholders. Its net income decreased by 11.4 percent for the year as a result of start up costs of a new cablevision system in Florida, the launching of two new FM stations in Canada, a write-down of investment in the film "Bear Island" and higher depreciation and interest.

TV Guide (33 percent owned) also suffered a minor reduction in income as a result of high interest rates and exchange losses on U.S. debt. Advertising volume and revenues were at record levels.

Both the Kitchener-Waterloo Record (48 percent owned) and the Brandon Sun (49 percent owned) continued to operate successfully in their respective markets with record levels of circulation, revenue and net income.

In 1979 Southam joined with Torstar Corporation to form Infomart, a joint venture research and development enterprise exploring the market potential of new electronic communications systems known generically as "videotex". Infomart has been working closely with the federal Department of Communications, creator of the "Teldion" system and, as the international sales agent for this Canadian technology, has been successful in securing several contracts for installations in Switzerland, Venezuela and the United States. In addition it is participating in field trials in Canada. Southam has accounted for its 50 percent interest in this venture as an accumulating investment.

Income from Continuing Operations

1980 \$35,123,000

Gross Dividends

1980 \$19,960,000

Capital Expenditures

1980 \$81,801,000

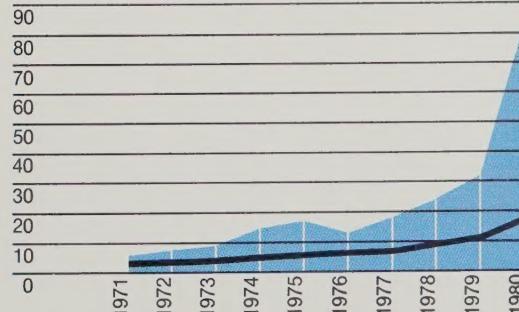
Depreciation

1980 \$16,348,000

Millions of dollars



Millions of dollars



Financial review

Although, as already mentioned, net income was below expectations the company's financial position remains strong. In 1980, additions to fixed assets amounted to \$81,800,000 of which approximately \$71,000,000 was spent for the new facilities in Montreal, Edmonton and Calgary.

Working capital increased to \$16,700,000 as a result of the company's expanded operations and remains at a level we consider satisfactory.

The year's acquisitions and asset purchases were financed partly by reinvestment of \$9,400,000 of undistributed net income, but mostly by an increase in debt to \$193,800,000 compared with \$71,700,000 in 1979.

Debt now represents 115 percent of shareholders' equity and we consider this level as making an appropriate use of the company's lines of credit in a period of record interest rates. Of the total, \$125,400,000 is long term. Details are set out in note 7 to the financial statements on page 11.

In March 1980, the quarterly dividend was increased to 40 cents per common share and this rate was maintained for a total payment to shareholders of \$91,000 on preferred shares; \$15,764,000 cash on common shares and \$4,105,000 as the value of stock dividends to those selecting that option. The number of shares issued for dividend purposes was 121,639 and 109,840 shares were purchased by the company for cancellation (see note 10 on page 12).

The reduction in net income has raised the dividend payout to 68 percent, as compared to 38 percent the previous year. Another result was a reduction in operating margin to 9.7 percent and return on equity adjusted for inflation to 8.9 percent.

The public interest

The failure of the Montreal Star in 1979, the purchase of FP Publications by Thomson Newspapers early in 1980, Southam's subsequent acquisition of control of Pacific Press and the demise of the Winnipeg Tribune and the Ottawa Journal, taken together represent a major change in the ownership structure of the Canadian daily newspaper industry.

The disappearance of some papers and increased concentration in the ownership of those remaining has led to some legitimate concern as to whether the public interest has been served by these events.

This has resulted in an enquiry under combines legislation and the appointment of a royal commission by the federal government. The purpose of the combines enquiry is to establish whether there has been any infraction of existing law. Your directors believe there has been none.

The purpose of the royal commission is to enquire more generally into the newspaper industry and to recommend those measures that it feels might be warranted "to remedy any matter that the commission considers should be remedied".

The royal commission initiated a series of public hearings late in 1980. The formal presentation of Southam's corporate brief has been scheduled for April, 1981.

Southam now has approximately 28 percent of Canadian daily newspaper circulation. The company neither controls nor manages any broadcast medium, nor does it own or publish any general interest national magazine or community weekly newspapers. In 1979 it ranked 96th on the basis of revenues and 86th on the basis of profits in the list of Canadian public companies.

Your directors believe that neither the company's size nor its share of total newspaper circulation in an expanding mixed media environment represent any threat to the public interest. On the contrary, we believe that the company's performance in the 104 years of its existence represents an outstanding record of service in an industry which has traditionally accepted that the public's need for information and comment rates equally with its investors' need for a reasonable return on investment.

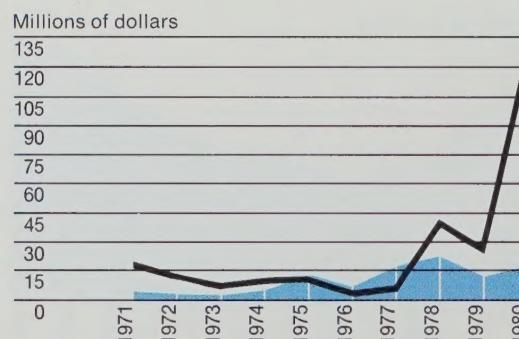
The company and its employees

At year-end the company's workforce totalled 10,795, an increase of 1,224. The largest increase was in Vancouver following the consolidation of Pacific Press as a wholly owned subsidiary.

Payroll costs, including salaries, wages and benefits were up 24.8 percent to \$198,989,000 which represented 32.9 percent of revenues.

The company now negotiates with 76 different labour units. At year-end it was party to 63 collective agreements directly, 11 agreements through industry associations and was in the process of bargaining two new contracts. Thirty-three contracts were re-negotiated in 1980 and twenty-seven will expire during 1981. The percentage of company employees who are union members increased to 39.8 from 33 percent in 1979.

Working Capital
1980 \$16,744,000
Long term debt
1980 \$125,416,000



As has already been mentioned the closure of the Winnipeg Tribune in August resulted in substantial termination costs. When publication ceased there were 375 full time employees on the Tribune's payroll. The basic termination arrangements that were offered were the most generous that have ever, as far as we are aware, been offered by any Canadian company to a group of employees whose employment security it could no longer protect.

The company also initiated an active and carefully structured program to assist the employees to re-locate. Of the 375 employees, 59 are now employed elsewhere by Southam; 176 are employed by others; 41 have selected early retirement; 23 are being re-trained at company expense and two are on long term disability. Of the remaining 74, some were offered jobs by Southam but did not wish to leave Winnipeg and others removed themselves from the job market.

Community support

In spite of the considerable reduction in net income the company maintained its policy of supporting a broad range of charitable, educational and cultural institutions across Canada. While emphasis is given to activities in the communities where the company has operating divisions, significant support has gone to other regions of the country where the needs are sometimes more difficult to meet.

Donations for the year were \$1,000,097, an increase of 27.2 percent over 1979.

The board of directors

In 1967 the board was increased from 15 to 17 to allow representation of senior officers of companies acquired at that time. Last year we determined that some reduction in size would be appropriate and 16 directors were elected by the shareholders.

At this year's annual meeting two directors will be retiring because of age and it is our intention to nominate only one replacement. The other fourteen directors are eligible for re-election and will be nominated.

One of those retiring is Gordon T. Southam of Vancouver who joined the board in 1955. His long service and particularly his contribution as a member of the company's founding family have been of real significance.

The other retiring director is Fred Best, chairman of Southam Printing, Toronto. He joined the board in 1978. More than any other officer or director, Mr. Best has been the architect of Southam's renaissance as a major commercial printer in Canada. We acknowledge his contribution to the company's growth with great appreciation.

Norman B. Keevil, Jr., Ph.D., will be nominated to fill the single vacancy mentioned. Dr. Keevil is executive vice-president of Teck Corporation of Vancouver.

Outlook for 1981

For several years Southam's overall results have been materially affected by factors that in some measure have been beyond our control. These include the strikes at Pacific Press and the Montreal Star in 1978 and 1979 and the events of 1980 already described.

We see 1981 as a year of consolidation; a year in which the company's operations return to normal patterns; a year in which management can concentrate more on the internal factors and less on the external ones. However uncertainties remain in connection with both the current combines enquiry and the recommendations that might flow from the Royal Commission on Newspapers.

In any case one result of recent events has been to strengthen the foundation of the company's principal business and this should make it possible to pursue an improvement in the return on shareholders' investment.

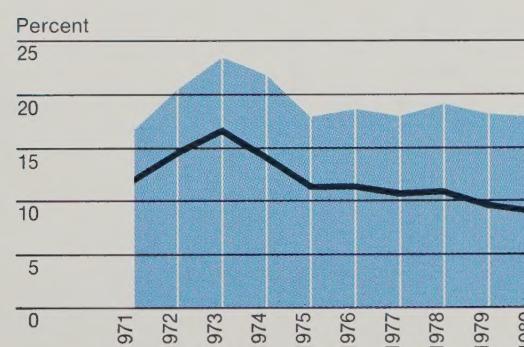
By no standard of measurement can Southam's profits be considered "excessive" although others have made that claim. Our minimum target is a 12 percent return on shareholders' equity, after adjusting for inflation. In 1980 we achieved only 8.9 percent.

An improvement is expected in 1981 in spite of a general economic environment that is bedevilled by unresolved political problems related to energy, constitutional issues and inflation.

Chairman of the Board

President

■ Return on equity-historical
1980 17.7%
— Return on
equity-adjusted for inflation
1980 8.9%



Summary of accounting policies

December 31, 1980

The principal accounting policies followed by Southam Inc. and subsidiary companies are summarized hereunder to facilitate a comprehensive review of the financial statements contained in this report. All policies conform to generally accepted accounting principles and have been consistently applied.

Principles of consolidation

The consolidated financial statements include the accounts of all subsidiaries of which the more substantial are Southam Printing Limited, Southam Communications Limited, Coles Book Stores Limited and in 1980, Pacific Press Limited (note 2). The accounts of Coles are consolidated on a two month delay basis for its fiscal year ended in October. The results of operations of subsidiaries are included in the consolidated financial statements from the dates of acquisition of control.

Inventories

Materials and supplies included in inventories are valued at the lower of cost and replacement cost. Inventories of work in process, finished goods and retail merchandise are valued at the lower of cost and net realizable value. Work in process and finished goods include cost of raw materials, direct labour and manufacturing overhead expenses.

Associated companies

The company follows the equity method of accounting for all associated companies and accordingly, the equity in earnings attributable to these investments is included in income. Goodwill included in investments in associated companies is accounted for in conformity with the method set out below.

Fixed assets

Land, buildings, machinery and equipment and leasehold improvements are stated at cost. Depreciation is provided primarily on a straight line basis, using rates of 2½ percent per annum for buildings and 10 percent per annum for machinery and equipment. Leasehold improvements are amortized over the term of the applicable lease.

When fixed assets are sold or scrapped, the cost of the asset and the related accumulated depreciation are removed from the accounts and the resulting gain or loss on disposal is included in income.

Goodwill

Beginning in 1973 goodwill is recorded as an asset to be systematically amortized by charges to earnings over periods not to exceed 40 years. Prior to 1973, goodwill was written off and charged to reinvested earnings.

Income taxes

The company provides for income taxes currently payable and, in addition, provides for deferred income taxes resulting from timing differences between financial and taxable income.

The federal investment tax credit has been deferred and is being amortized over the depreciable life of the fixed assets.

Pension plans

Pension costs included in the consolidated statement of income represent contributions for current service and amortization of past service contributions under the plans and supplementary pension payments made to retired employees.

Consolidated statement of income
Year ended December 31

	1980	1979
	(Thousands of dollars)	Percentage change (Thousands of dollars)
Revenue from operations		
Newspapers	\$ 360,784	\$ 270,418
Southam Printing Limited	140,658	119,949
Coles Book Stores Limited	59,113	52,134
Southam Communications Limited	44,565	41,734
	605,120	+ 25.0
Operating expenses		
Salaries, wages and employee benefits	198,989	159,418
Newsprint, paper and ink	144,081	108,256
Other supplies and services	169,706	140,897
Depreciation	16,348	11,488
Amortization of goodwill	1,402	1,083
Interest on long term debt	9,426	4,209
Other interest (net)	6,683	3,377
	546,635	+ 27.5
Operating income before income taxes	58,485	+ 5.4
Income taxes		
Current	21,837	21,123
Deferred	5,021	3,456
	26,858	+ 9.3
Operating income	31,627	30,928
Equity in net income of associated companies (note 5)	3,496	+ 11.6
Income from continuing operations	35,123	34,060
Loss from discontinued operations of The Winnipeg Tribune (including termination costs of \$8,983,000) after income tax reductions of \$5,394,000 in 1980 and \$1,266,000 in 1979.	6,797	1,612
Income before extraordinary items	28,326	- 12.7
Extraordinary items (note 11)	1,063	7,202
Net income	\$ 29,389	\$ 39,650
Income per common share		
From continuing operations	\$ 2.82	\$ 2.74
Before extraordinary items	\$ 2.27	\$ 2.61
After extraordinary items	\$ 2.36	\$ 3.18
Average number of common shares outstanding	12,424,362	12,417,770

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Consolidated statement of financial position
December 31

	1980	1979
	(Thousands of dollars)	(Thousands of dollars)
Current assets		
Cash	\$ 845	\$ 419
Accounts receivable	87,035	68,469
Inventories (note 3)	63,784	55,575
Prepaid expenses	2,634	2,601
	154,298	127,064
Deduct		
Current liabilities		
Bank advances	60,490	32,656
Notes payable	5,000	5,000
Accounts payable and accrued liabilities	56,230	45,643
Income taxes	4,207	16,468
Deferred revenue — subscriptions and rentals	8,750	6,947
Long term debt due within one year (note 7)	2,877	6,762
	137,554	113,476
Working capital	16,744	13,588
Add		
Investments		
Associated companies (note 5)	32,129	37,837
Mortgages receivable (note 6)	9,970	9,970
Other investments	1,599	540
Fixed assets, less accumulated depreciation (note 4)	200,120	117,318
Advances — employees' stock purchase loan plan	1,388	344
Goodwill	62,737	30,030
Capital employed	324,687	209,627
Deduct		
Long term debt (note 7)	125,416	27,289
Deferred income taxes	30,198	22,932
	155,614	50,221
Shareholders' equity	\$ 169,073	\$ 159,406
Derived from		
Capital stock (note 10)		
Preferred shares — 5 percent cumulative, convertible, voting, redeemable at \$100 per share		
Authorized and issued — 18,225 shares	\$ 1,823	\$ 1,823
Common shares		
Issued — 12,442,251 shares (1979 — 12,430,452 shares)	9,036	8,798
Reinvested earnings	158,214	148,785
	\$ 169,073	\$ 159,406

Approved by the Board of Directors
St. Clair Balfour, Director
Gordon N. Fisher, Director

Consolidated statement of reinvested earnings
Year ended December 31

	1980	1979
	(Thousands of dollars)	(Thousands of dollars)
Balance at beginning of year	\$ 148,785	\$ 124,124
Net income	29,389	39,650
	178,174	163,774
Deduct		
Dividends		
Preferred shares – 5 percent	91	95
Common shares – \$1.60 per share (1979 – \$1.20 per share)		
Cash	15,764	12,683
Issue of common shares		
(1980 – 121,639 shares, 1979 – 82,390 shares)	4,105	2,211
	19,960	14,989
Balance at end of year	\$ 158,214	\$ 148,785

Consolidated statement of changes in financial position
Year ended December 31

	1980	1979
	(Thousands of dollars)	(Thousands of dollars)
Working capital derived from		
Operations		
Income before extraordinary items	\$ 28,326	\$ 32,448
Add items not involving current funds	20,576	14,921
	48,902	47,369
Long term borrowing	116,482	6,788
Proceeds from sale of fixed assets	3,887	1,581
Proceeds from investments realized	548	1,659
	169,819	57,397
Working capital applied to		
Additions to fixed assets	81,801	31,626
Acquisition of Pacific Press Limited, less working capital		
at date of acquisition (note 2)	39,060	—
Long term debt repaid or currently payable	18,355	19,281
Dividends paid in cash	15,855	12,778
Goodwill purchased	4,814	—
Common shares purchased for cancellation	3,867	1,755
Investments acquired	1,867	834
Other items	1,044	172
	166,663	66,446
Increase (decrease) in working capital	3,156	(9,049)
Working capital at beginning of year	13,588	22,637
Working capital at year end	\$ 16,744	\$ 13,588

Notes to consolidated financial statements

December 31, 1980

(Tabulated dollars in thousands)

1. Accounting policies and segmented information

The summary of accounting policies contained herein represents the principal accounting policies applied in preparation of these consolidated financial statements. Additional segmented information, supplementing that set out in these

Newspapers
Printing
Business publications and shows
Book sales and publishing

consolidated financial statements is provided herein. The directors of the company have determined the various classes of business for the company and its principal subsidiaries on the following basis:

Southam Inc. and Pacific Press Limited
Southam Printing Limited
Southam Communications Limited
Coles Book Stores Limited

2. Acquisition

On August 27, 1980, the company acquired the remaining 50 percent interest in Pacific Press Limited. The results of operations from that date are consolidated and equity in the results of operations prior to that date is

Net assets at values assigned thereto

Current assets (including inventories of \$1,156)	\$ 9,955
Current liabilities	6,765 \$ 3,190
Fixed assets	20,235
Investment	100
Goodwill	29,295 49,630
	52,820
Deferred income taxes	2,245
	50,575
Carrying value of investment on August 27, 1980	8,325
Total cash consideration	\$ 42,250

3. Inventories

	1980	1979
Materials and supplies	\$ 21,821	\$ 19,762
Work in process	7,773	6,743
Finished goods	1,572	1,232
Retail merchandise (Coles Book Stores Limited)	32,618	27,838
	\$ 63,784	\$ 55,575

4. Fixed assets

	1980	1979
Land	\$ 20,659	\$ 9,841
Buildings	90,674	56,579
Machinery and equipment	174,554	127,113
Leasehold improvements	7,439	4,999
	293,326	198,532
Less accumulated depreciation	93,206	82,214
	200,120	116,318
Option to purchase buildings, machinery and equipment		1,000
	\$ 200,120	\$ 117,318

5. Investments in associated companies

	Carrying Value		
	1980	1979	
Percent interest in common shares			
Newspaper and publishing			
Sun Publishing Company Limited (Brandon)	49	\$ 519	\$ 480
Kitchener-Waterloo Record Limited	48	4,271	3,797
TV Guide Inc.	33	10,484	10,550
Today Magazine Inc. (formerly			
Canadian Weekend Inc.)	33	187	187
Pacific Press Limited (note 2)			7,898
Radio and television			
Selkirk Communications Limited			
A (non-voting)	38		
B (voting)	30	16,268	14,353
Other		400	572
	\$ 32,129	\$ 37,837	

Goodwill amounting to approximately \$8,000,000 is included in the amounts above.

Dividends received from associated companies and included in equity in net income amounted to \$1,539,000 (1979 - \$1,836,000).

6. Mortgages receivable

	1980	1979
Maturing 1983, 10½ percent	\$ 920	\$ 920
Maturing 1982, 11 percent	9,050	9,050
	\$ 9,970	\$ 9,970

7. Long term debt

	1980	1979
Southam Inc.		
Bank term loans, due in 1982, rates fluctuating with bank prime with repayment terms automatically extended subject to one year's prior notice		
	\$ 55,000	
Bank loans and instalment contract due 1982 to 1985, rates fluctuating with bank prime	50,825	\$ 21,525
Bank loan, due 1982, 10.7 percent	15,000	
Note payable 10½ percent		5,000
Perpetual redeemable 5 percent debentures	308	308
Subsidiary companies		
Debentures, due 1996, 11 percent	6,000	6,000
Notes payable, due in series to 1982, 9½ percent	900	986
Other	260	232
	128,293	34,051
Deduct portion due within one year included in current liabilities		
	2,877	6,762
	\$ 125,416	\$ 27,289

Principal payable on long term debt, excluding the \$55,000,000 bank term loans with repayment terms automatically extended, amounts to \$2,877,000 in

1981, \$44,252,000 in 1982, \$13,291,000 in 1983, \$3,273,000 in 1984, \$3,275,000 in 1985 and \$6,325,000 in subsequent years.

8. Commitments

(a) The company has approved a capital expansion program totalling approximately \$47,000,000.
 (b) Coles Book Stores Limited has obligations under long term operating leases for retail outlets and warehousing facilities extending for various periods

to 1999. The minimum aggregate rentals under these leases amount to approximately \$54,330,000 of which payments required in each of the next five years are: 1981 - \$7,218,000; 1982 - \$6,913,000; 1983 - \$6,593,000; 1984 - \$6,348,000; 1985 - \$5,834,000.

9. Guarantee

The company has guaranteed certain indebtedness amounting to U.S. \$12,000,000 in connection with its 33 percent interest in TV Guide Inc. Provision to increase the company's interest is provided for in the event that

payments are made under the guarantee. The company has also guaranteed certain indebtedness of Today Magazine Inc. amounting to \$1,000,000.

10. Capital stock**Share constraint**

The issue or transfer of the company's shares to non-Canadian persons or corporations is restricted to a maximum of 25 percent of both the number of shares outstanding and the paid up

capital attributable thereto. This restriction ensures that the company will continue to have Canadian status so that advertisers may deduct, for income tax purposes, the cost of advertising in any of its publications.

Preferred shares

The preferred shares are redeemable by the company at \$100 per share plus accrued and unpaid cumulative dividends on death of a holder, on transfer by a holder, or after November 17, 1981. The holder may convert preferred

shares into the greatest number of common shares having an aggregate market value at the time of such conversion which does not exceed the aggregate redemption value of the preferred shares converted.

Common shares

The directors may determine whether to pay dividends in cash or by issuing fully paid common shares and which shareholders have the right to elect to receive such dividends in shares.

The directors have determined that

shareholders who come within the "constrained class" or who are indebted in respect of shares included in the Employee Stock Purchase Loan Plan are ineligible to receive stock dividends on such shares.

Summary of share transactions for the year

	Preferred		Common	
	Shares	Amount	Shares	Amount
Issued at January 1, 1980	18,225	\$ 1,823	12,430,452	\$ 8,798
Stock dividends			121,639	4,105
	18,225	1,823	12,552,091	12,903
Common shares purchased				
for cancellation			109,840	3,867
Issued at December 31, 1980	18,225	\$ 1,823	12,442,251	\$ 9,036

11. Extraordinary items

	1980	1979
Gain on sale of fixed assets (after income taxes		
in 1979 of \$2,020,000)	\$ 788	\$ 6,624
Gain on sale of investments after income taxes		
of \$100,000 (1979 - \$274,000)	275	578
	\$ 1,063	\$ 7,202

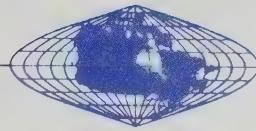
12. Related party transactions

Southam Printing Limited, a subsidiary company, in the ordinary course of business sells printing to TV Guide Inc. on the same terms as transactions with unrelated parties. These sales for 1980

amounted to \$11,287,000 (1979 - \$10,417,000) and accounts receivable include \$1,378,000 (1979 - \$1,269,000) due from TV Guide Inc.

THORNE RIDDLE

Chartered Accountants



AUDITORS' REPORT

To the Shareholders of
Southam Inc.

We have examined the consolidated statement of financial position of Southam Inc. as at December 31, 1980 and the consolidated statements of income, reinvested earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Riddle
Chartered Accountants

Toronto, Canada
February 16, 1981

Supplementary segmented information
(Thousands of dollars)

	Total Consolidated	
	1980	1979
External sales	\$ 605,120	\$ 484,235
Intercorporate sales	13,279	11,769
	618,399	496,004
Consolidating adjustments	(13,279)	(11,769)
 Operating revenue	 \$ 605,120	 \$ 484,235
 Gross income	 \$ 92,344	 \$ 75,664
Depreciation	16,348	11,488
Amortization of goodwill	1,402	1,083
Segment income from continuing operations	74,594	63,093
Interest	16,109	7,586
Income taxes	26,858	24,579
 Operating income	 \$ 31,627	 \$ 30,928
 Current assets	 \$ 154,298	 \$ 127,064
Fixed assets	200,120	117,318
Goodwill	62,737	30,030
 Assets employed	 \$ 417,155	 \$ 274,412
 Additions to fixed assets	 \$ 81,801	 \$ 31,626

Allocation of revenue
Year ended December 31

Salaries and wages
Employee benefits
Newsprint, paper and ink
Other supplies and services
Community welfare donations
Depreciation and amortization
Interest on borrowed funds
Income taxes
Dividends
Retained in company from operations
Revenue from operations

Newspapers		Southam Printing Limited		Coles Book Stores Limited		Southam Communications Limited	
1980	1979	1980	1979	1980	1979	1980	1979
\$ 360,784	\$ 270,418	\$ 140,658	\$ 119,949	\$ 59,113	\$ 52,134	\$ 44,565	\$ 41,734
875	930	12,404	10,839				
\$ 361,659	\$ 271,348	\$ 153,062	\$ 130,788	\$ 59,113	\$ 52,134	\$ 44,565	\$ 41,734
<hr/>							
\$ 60,989	\$ 47,496	\$ 18,940	\$ 15,183	\$ 5,191	\$ 7,148	\$ 7,224	\$ 5,837
11,277	6,972	3,505	2,923	1,234	1,099	332	494
405	115	220	192	678	678	99	98
\$ 49,307	\$ 40,409	\$ 15,215	\$ 12,068	\$ 3,279	\$ 5,371	\$ 6,793	\$ 5,245
<hr/>							
\$ 63,575	\$ 46,686	\$ 47,557	\$ 43,004	\$ 34,116	\$ 28,767	\$ 9,050	\$ 8,607
157,358	80,396	29,812	26,548	9,943	7,975	3,007	2,399
33,695	2,005	2,598	2,118	24,726	24,487	1,718	1,420
\$ 254,628	\$ 129,087	\$ 79,967	\$ 71,670	\$ 68,785	\$ 61,229	\$ 13,775	\$ 12,426
\$ 71,578	\$ 21,548	\$ 5,928	\$ 6,382	\$ 3,354	\$ 2,258	\$ 941	\$ 1,438

1980		1979	
(Thousands of dollars)		(Thousands of dollars)	
\$ 183,069	30.25%	\$ 146,811	30.32%
15,920	2.63	12,607	2.60
144,081	23.81	108,256	22.36
168,706	27.89	140,111	28.93
1,000	.16	786	.16
17,750	2.93	12,571	2.60
16,109	2.66	7,586	1.57
26,858	4.44	24,579	5.07
19,960	3.30	14,989	3.10
11,667	1.93	15,939	3.29
\$ 605,120	100.00%	\$ 484,235	100.00%

Southam newspapers



The Gazette is now housed in buildings previously occupied by the Montreal Star.

The company's newspaper operations expanded considerably in 1980 with the acquisition of control of Pacific Press and its consolidation as a wholly owned subsidiary.

A direct comparison of newspaper statistics with the previous year has been distorted by the addition of the Vancouver Sun and The Province and the closure of the Winnipeg Tribune in August. For the year newspaper operations contributed 58.5 percent of the company's revenue and 66.1 percent of income.

The decision that shareholders should no longer continue to support the Tribune's mounting losses followed a careful analysis of its prospects in a market that had enjoyed no significant growth in recent years. Aggregate losses of \$16,800,000 before tax had been incurred over a ten year period and a further loss of \$4,000,000 was anticipated in 1981.

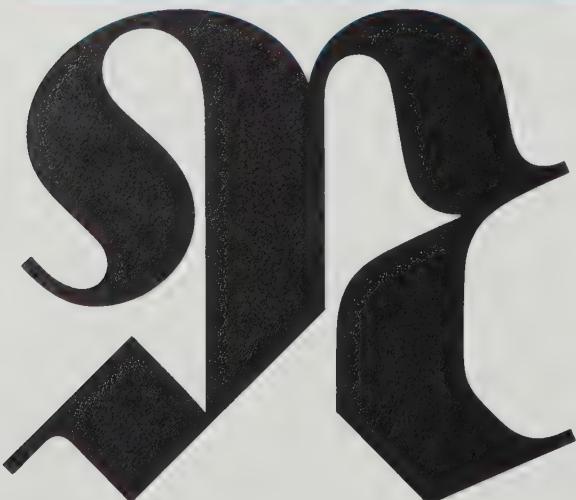
Except for the unusual and disappointing circumstances in Winnipeg, newspaper operations were generally satisfactory. Segment income at \$49,307,000 was ahead 22 percent. Year-end daily circulation stood at 1,476,000. Advertising revenue increased 21 percent and circulation revenue 23 percent over 1979.

Southam's group services for news, advertising sales, personnel, engineering and finance continued to provide efficient support to the individual newspapers. We feel that the company has achieved and for many years has benefited from a careful balance that combines the advantages of group ownership together with absolute editorial freedom at the local level.

As an example, the 1980 cost of group news services was \$1,950,000 to support bureaux in Ottawa, Montreal, Toronto, Halifax, Quebec City, Calgary, Vancouver, Washington, London, Paris, Nairobi and Tokyo. The output of these bureaux was available to all Southam papers, but the choice and editorial selection of this and other material was made by the publishers and editors at each paper.



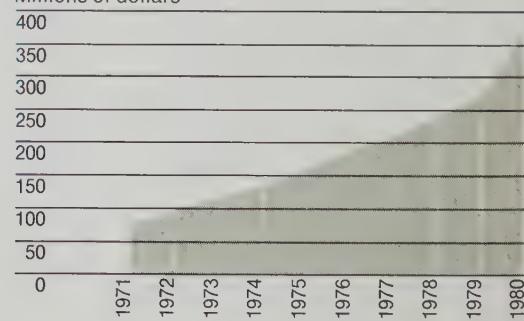
New home of the Medicine Hat News.



Newspaper Revenues

1980 \$360,784,000

Millions of dollars



The moves of the Edmonton Journal and the Montreal Gazette to new facilities has already been mentioned in the directors' report. The new plant for the Calgary Herald is proceeding on schedule.

The Medicine Hat News moved to new facilities in January, 1981. This plant was completed on schedule and at the budgeted cost of \$2,765,000. This spring work will commence on a \$1,750,000 extension of the North Bay Nugget's plant to house a new offset press and expanded space for mailroom and paper storage.

Because Pacific Press was on strike for the first six months of 1979, comparisons of recent performance are difficult. However, it produced improved results in the final quarter of 1980 and the new year has started well. In December, E. H. Wheatley, who had been publisher of the Winnipeg Tribune, was appointed president and general manager. Clark Davey, publisher of The Sun and Paddy Sherman, publisher of The Province continue in these positions.

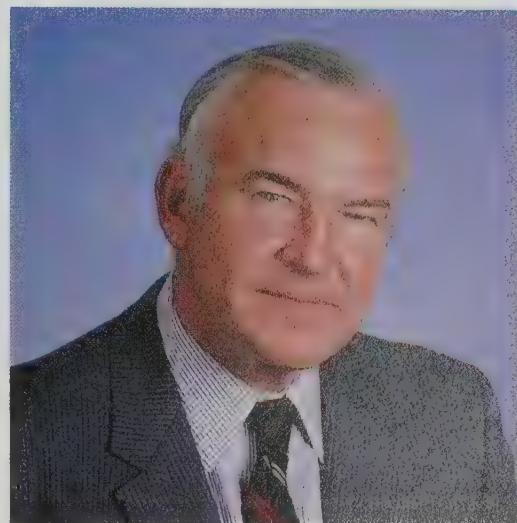
In the fall of 1979 Canada's two major rotogravure magazines were merged to form "Canadian/Weekend" magazine. In March, 1980, under the joint ownership of Southam, Torstar and Thomson, the name was changed to "Today". Although at 2,900,000 its national circulation is the largest of all Canadian magazines, it is not yet operating profitably.

T.V. Times continues as a successful television program listing magazine. Its revenue in Southam papers increased 23 percent over the previous year.

Prospects for 1981 are reasonably good. Generally speaking, the industry's prosperity reflects the state of the national economy. In 1980 the adverse factors affecting advertising volume were softness in automotive and real estate markets. The former made operations particularly difficult in Windsor and Brantford which rely substantially on automotive manufacturing. High prices, high interest rates and a slow-down in residential construction across the country seriously affected real estate activity. Other retail categories appear to be reasonably healthy and we look forward to 1981 with confidence.

Southam Daily Newspapers Distribution of Circulation at December 31, 1980

British Columbia	396,354
Alberta	336,721
Ontario	524,696
Quebec	218,171
Total	1,475,942



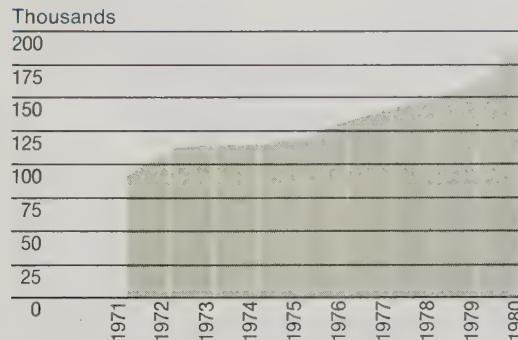
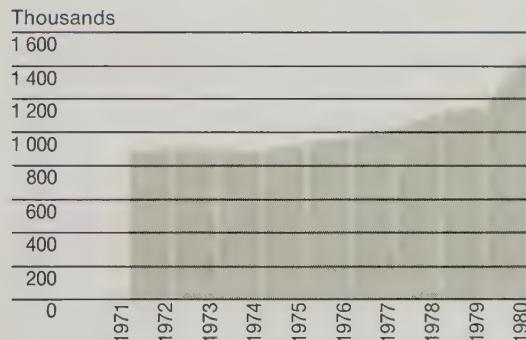
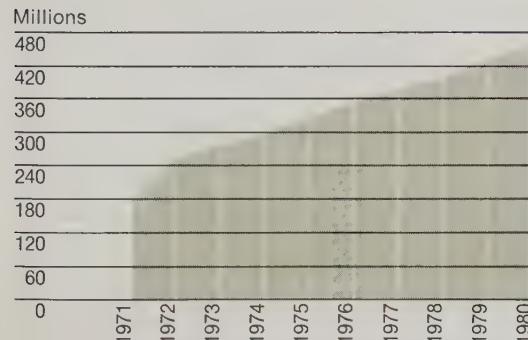
We feel that the company has achieved and for many years has benefited from a careful balance that combines the advantages of group ownership together with absolute editorial freedom at the local level.

Gordon N. Fisher
president

Advertising lineage
1980 458,908,000

Circulation
1980 1,476,000

Newsprint tonnage
1980 189,000



Southam Printing Limited

The Canadian commercial printing industry enjoyed favourable market conditions in 1980. Competition has been keen, but not unreasonable in most sectors. There are approximately 2600 companies in the commercial printing industry in Canada and Southam Printing continues to rank third in revenues with a little more than 5% of the total market. In 1980 the company appeared to rank first in income.

The company completed another year of substantial progress. Revenues were up 17.3% to \$140,658,000, and income before interest and income taxes increased 26.1% to \$15,215,000. All operating divisions contributed to this improvement. Within Southam Inc. the printing company's share of revenues decreased but its contribution to segment income increased to 20.4%.

We believe this above average growth and profitability reflects our philosophy of decentralization coupled with excellent operating management. Division managers are encouraged to take an entrepreneurial approach to business and they have received good co-operation from 1800 employees who are interested in their work and the welfare of our customers.

Our largest division, Southam Murray in Weston, Ontario, enjoyed significant improvement in profitability. Southam Murray provides customers with a full range of printing facilities including creative design for annual reports and merchandising brochures, computerized typesetting, rotogravure, web offset, sheetfed offset and binding. Web offset production has been at capacity and another 32 page four colour magazine press will be installed this year to complement a similar press which was put into operation in 1979. Seventy-five of our employees in the Teamsters Union were on strike for a period of 18 days during the summer. The work disruption was well contained and their work was done by other personnel in a satisfactory manner.



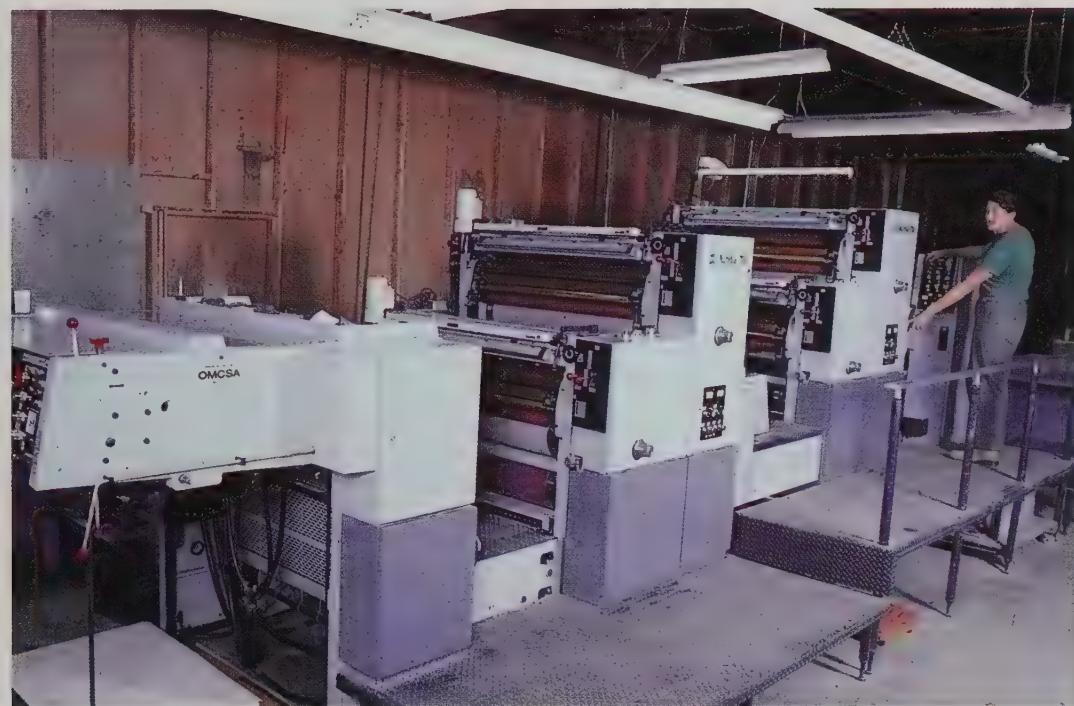
An interior shot of Southam Printing's latest acquisition, Agency Press in Vancouver.

Gazette Canadian in Candiac, Quebec, prints and binds a wide variety of catalogues, magazines, newspaper inserts, annual reports and other general commercial printing, using sheet-fed and web offset equipment. Our performance in this area has improved but we are experiencing more difficulty in this market than elsewhere.

McLaren, Morris and Todd in Mississauga, Ontario, is primarily a sheet-fed printer catering to customers looking for high quality colour production. A small web press was added in 1978 and a second web press is now being installed. Division management has concentrated on a particular segment of the market which includes greeting cards, labels, full colour book printing, advertising folders and brochures. Performance continues to be strong.

For some time we have been looking for an opportunity to expand our general printing operation to the west coast. During 1980 we were able to acquire full ownership of Agency Press Limited which is a well managed and profitable sheetfed offset plant in Vancouver. This company has enjoyed an excellent reputation for quality printing and should prove to be a solid base for our expansion in this area. Sales in 1980 during our three months of ownership were \$2,041,000. A heatset web offset press is on order and should be in production this summer.





This new 4 unit four colour sheet-fed offset press at Offset Print & Litho in Don Mills, Ontario brings to fourteen the number of colour units at the plant.

Canadian Publishers has printing plants in Winnipeg and Calgary and specializes in web offset printing on uncoated stock. In two plants there are 64 press units producing newspaper advertising supplements for all of the major Canadian retail stores as well as television guides and similar products. Some work was lost with the closing of the Winnipeg Tribune but Canadian Publishers experienced another excellent year.

Offset Print & Litho in Don Mills, Ontario, is our folding carton division and manufactures high quality, short run packaging which requires extra care in printing, gold stamping, embossing and creasing. The division also prints labels for the soft drink industry. Sales growth has been excellent and another four colour sheetfed offset press is now being installed.

Southam Specialty Printing in Candiac, Quebec and Southam Farwest in Vancouver produce tickets, heatset and pressure sensitive labels and similar specialized work. Both divisions improved their competitive position during the year.

Southam Business Forms in Candiac, Quebec, is enjoying excellent growth and a four colour business forms press is on order for spring delivery.

Total capital expenditures in 1980 amounted to \$5,927,000 and expenditures of more than \$10,000,000 are planned for 1981.

The current slowing of the economy and high interest rates will be a challenge to management. Present indications are that growth in the commercial printing industry will be relatively modest in 1981.



All printing divisions earned higher profits in 1980. The overall improvement was from above average sales growth and cost reductions in our larger divisions, both of which required a significant new investment of undistributed profit.

D. G. Scott, FCA
president

Southam Printing Limited Revenues 1980 \$140,658,000



Southam Communications Limited

Southam Communications Limited is a broadly-based information/communications company. It serves the needs of business, government and the professions by offering a wide variety of business publications, trade and consumer shows and exhibitions, newsletters, seminars, directories and other specialized services.

In 1980, with revenues of \$44,565,000, this subsidiary increased operating income before interest and tax by 29.5 percent to \$6,793,000 from \$5,245,000 in 1979.

While 1980 results were satisfactory, it was essentially a building and development year.

In Ottawa, the Southam Direct Marketing Services division acquired the assets of Master Mailers Limited, increasing the potential for direct mail and fulfillment business of clients in that area. In Toronto, the division moved to larger quarters to serve a growing volume of business data.

The publishing division added to its stable of more than 60 separate titles with the introduction of Drilling Canada and Bath & Kitchen Marketer, spin-offs of parent publications.

In Calgary, a new automated computer-based information system was installed to meet the expanding needs of Daily Oil Bulletin. The new system serves this newsletter's rapidly growing list of subscribers and offers greatly improved capability to develop new services in an information-hungry environment.

The Southex division produced 38 shows and exhibitions in 1980 with space sales and admission revenues up 37% over the previous best year. The short-



Services for the resource industries include Pulp and Paper Canada, B.C. Lumberman, Canadian Forest Industries, Opérations Forestières, Canadian Mining Journal, Forest Industry Equipment Exhibitions in Ottawa and Vancouver, the Canadian Mining and Aggregate Equipment Exhibition and Product Card mailings for the mining and pulp and paper industries.

age of adequate show buildings, a major deterrent to increased growth, will be alleviated by the number of new facilities being built, planned and considered in many Canadian cities.

Two weekly newsletters, Ottawa Week and Agriweek were acquired, increasing the organization's commitment to subscriber-based information services. They will be managed by 60 percent owned Corpus Information Services Limited, a company which is expanding its range of commercial intel-

ligence services. Corpus packages information in a variety of ways: newsletters, seminars, legislation services, reports, studies and directories.

Investment in advanced computer systems will make it possible for Southam Communications Limited to move steadily toward the concept of data base publishing and information services. It



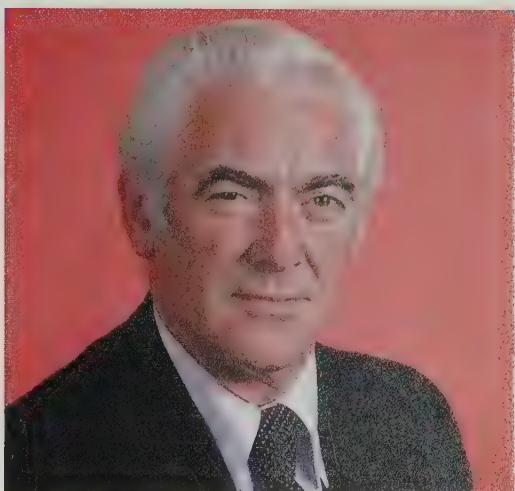


Construction industry services include Daily Commercial News, Journal of Commerce, The Canadian Architect, Building Guide, Canadian Consulting Engineer, Engineering and Contract Record, Génie-Construction, Construction West, Heating Plumbing Air Conditioning, Plomberie-Chauffage et Climatisation, two construction information/data services (Southam Building Reports and CanaData) and Product Card mailings.

will enhance the value of our circulation data, reader services, production capacity and information gathering and dissemination. Information about 250,000 Canadian companies is of significant value to the company's business and professional periodicals. A data base for the construction industry has operated successfully since 1969. A comprehensive data base for the medical profession serves four of the company's enterprises in the health care field. A data base for the natural gas and petroleum industries is now being formed, and is expected to be marketed within two years. By the mid-80's, storage and retrieval of the company's typeset journals, newsletters and other information services are expected to make possible a much wider range of commercial intelligence packages.



The medical/health care markets are served by Modern Medicine of Canada, Médecine Moderne du Canada, Health Care, Canadian Medical Directory, Canadian Doctor, Oral Health, two Corpus services (Canadian Occupational Health and Safety and Canadian Occupational Safety and Health Law) and the facilities of Southam Direct Marketing Services.



We look to the future with great enthusiasm and excitement. Southam Communications Limited will continue to develop and expand as a specialized communications/information organization offering new and improved services to meet the ever increasing needs of industry, the professions and government.

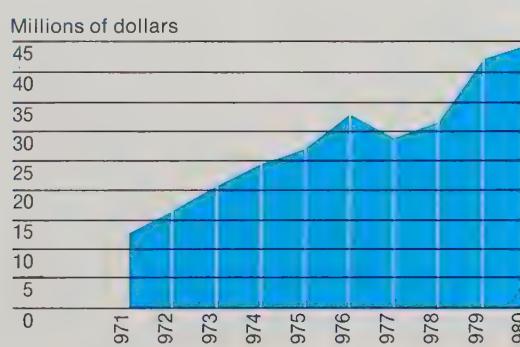
Edward J. Mannion
chairman and chief executive officer



To serve Canada's energy industries, the company produces the National Petroleum Show, Daily Oil Bulletin, Canadian Petroleum, Drilling Canada, Canadian Oil Register and the Corpus newsletter Energy Analects.

Southam Communications Limited Revenues

1980 \$44,565,000



Coles Book Stores Limited

The growth of Coles continued throughout 1980 with the addition of 17 new stores. In November, the World's Biggest Bookstore was opened in Toronto with 70,000 square feet of retail space. Although this followed the October 25 completion of Coles' fiscal year, the store represented a major change in book marketing. Its sales in the important pre-Christmas period were on budget.

At year-end, the company was operating 163 stores in Canada and 55 in the United States. Six stores that were not operating profitably were closed during the year.

Total sales increased by 13.4 percent to \$59,113,000. As a result of higher costs, particularly those affected by record interest rates, margins were reduced and segment income fell to \$3,279,000 from \$5,371,000 in 1979.

The influence of interest rates on Coles' operations takes several forms. There is a direct increase in the cost of carrying inventory. The cost of new books purchased also reflects the higher interest. The cost of store rentals has been affected for new stores and when leases are renewed. The overall impact of these factors was common to all major retailers in Canada.

During 1980, a number of steps were initiated to minimize these negative factors. There was an increase in the number of books published under the Coles imprint to ensure a significant supply of popularly priced product.

The pace of opening new stores was reduced and further expansion is being limited to locations which hold promise for a faster inventory turnover.

A new point-of-sale electronic security system was introduced in the largest store. Over the next few years similar systems will be installed in all major stores to improve the control of inventory and the availability of up-to-date sales information on which the company's buying policies are based.



The Coles bookstore in the Eaton Centre in downtown Toronto, one of a total of 218 stores located from coast-to-coast in Canada and in 25 states in the U.S.A.



The future for Coles Book Stores is most promising. Similar to other retailers, we anticipate many challenges in the near future. However, the existing strong base formed by a large number of superior retail locations, coupled with innovative marketing and operational techniques, will permit Coles to move forward aggressively.

Ronald J. Fairholm
president

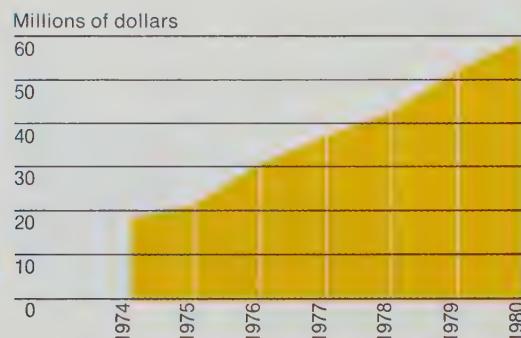
The successful opening of the World's Biggest Bookstore was the crowning achievement for Jack Cole. In February, 1981, after 47 years with Coles he retired from the business. He will continue as a director of Coles.

For many years, Jack Cole has had a profound effect on Canadian book retailing. His marketing and business experience and particularly his entrepreneurial skills will be missed. We have appreciated his remarkable contribution to the company. Southam's goal is to continue Coles record as the largest publisher and retailer of books in Canada.

R. J. Fairholm, who joined Coles as executive vice president a year ago, has been appointed president.

Coles Book Stores Limited Revenues

1980 \$59,113,000



Retirement funds statement

(not included in company accounts)

	1980	1979
	(Thousands of dollars)	(Thousands of dollars)
Balance January 1	\$ 76,354	\$ 66,565
Contributions during year		
Employee required	3,139	2,623
Company	3,599	3,376
	6,738	5,999
Employee voluntary extra	122	112
Transfer of funds from subsidiaries	23,761	281
	30,621	6,392
Net income of funds	7,993	5,645
	38,614	12,037
Net profit (loss) on sale of investments	2,287	281
	40,901	12,318
Payments for pensions and refunds on death or termination	3,650	2,529
	37,251	9,789
Balance December 31	\$ 113,605	\$ 76,354

This statement includes all pension funds administered by the company in addition to those funds included in The Southam Retirement Plan.

In 1980 the funds were administered by Royal Trust Corporation of Canada, National Trust Company Limited, Investors Group Trust Co. Ltd., Sun Life Assurance Company of Canada,

Confederation Life Insurance Co., Great West Life Assurance Company or invested in government annuities.

The actuarial report of December 31, 1979 showed that the plan was satisfactorily funded. It is anticipated that this will also be the case at December 31, 1980.

Significant statistics

	Employees	Salaries and wages	Shares owned
	(Thousands of dollars)		
British Columbia	1,943	\$ 18,705	374,184
Alberta	1,876	\$ 36,527	674,443
Manitoba	236	\$ *9,124	128,541
Ontario	4,721	\$ 89,077	7,926,260
Quebec	1,558	\$ 33,094	3,078,818
Other	461	\$ 2,385	278,230
Total	10,795	\$ 188,912	12,460,476

*Includes 544 employees of the Winnipeg Tribune to August 27, 1980

Directors and officers

Southam Inc.



** **St. Clair Balfour**
chairman of the board

** **Gordon N. Fisher**
president

* **Frederick Best**
chairman of the board
Southam Printing Limited

William J. Carradine
senior vice-president

* **E. J. Mannion**
chairman
Southam Communications Limited

G. L. Meadows, CA
vice-president, corporate
development

* **John D. Muir**
vice-president and publisher
The Spectator, Hamilton

Peter O'Brian
vice-president, personnel

L. J. Rothwell
vice-president, engineering
and production

Brian H. Shelley, CA
vice-president, finance and
secretary

** **F. G. Swanson**
vice-president and publisher
The Calgary Herald

John S. Ward
vice-president, marketing

** **George L. Crawford, QC**
Calgary, Alberta

*** **Hugh G. Hallward**
Montreal, Quebec

** **J. Norman Hyland**
Vancouver, British Columbia

* **Marnie Paikin**
Hamilton, Ontario

*** **J. Jacques Pigott**
Toronto, Ontario

* **Gaston Pouliot, QC**
Montreal, Quebec

* **G. H. Southam, OC**
Ottawa, Ontario

* **Gordon T. Southam**
Vancouver, British Columbia

* **Wilson J. H. Southam**
Mississauga, Ontario

*** **Adam H. Zimmerman, FCA**
Toronto, Ontario

The Southam Newspapers



Gordon Bullock
vice-president and publisher
The Windsor Star

D. H. E. Carlson
publisher
Financial Times of Canada

W. R. Dane
publisher
The Sault Star

Clark W. Davey
vice-president Pacific Press,
publisher, The Vancouver Sun

I. C. MacDonald
publisher
The News, Medicine Hat

Robert McConnell
vice-president and publisher
The Gazette, Montreal

* **John D. Muir**
vice-president and publisher
The Spectator, Hamilton

William Newbigging
vice-president and publisher
The Citizen, Ottawa

J. P. O'Callaghan
vice-president and publisher
Edmonton Journal

Clifford C. Sharp
publisher
The North Bay Nugget

Paddy Sherman
vice-president Pacific Press,
publisher, The Province, Vancouver

Bryson W. Stone
publisher
The Citizen, Prince George

** **F. G. Swanson**
vice-president and publisher
The Calgary Herald

James S. Thomson
publisher
The Brantford Expositor

E. H. Wheatley
president and general manager
Pacific Press Limited

E. P. Wilson
publisher
The Sun-Times, Owen Sound

Southam Printing Limited

* **Frederick Best**
chairman of the board
* **D. G. Scott, FCA**
president

* **John S. Crawford**
senior vice-president
André Beaudet
vice-president and general manager
Specialty Printing and
Business Forms divisions
Ronald W. Chase
vice-president and general manager
Southam Murray Printing division
A. D. Clippingdale
vice-president and general manager
Agency Press division
C. G. J. Hewitt, CA
secretary-treasurer
J. K. Lawson
vice-president and general manager
Southam Farwest Printing division
Frank A. Lipari
vice-president and general manager
Gazette Canadian Printing division

John Morris
vice-president and general manager
McLaren, Morris and Todd division

* **Morrie Ostrow**
vice-president and general manager
Canadian Publishers division

Donald R. Townsend
vice-president and general manager
Offset Print & Litho division

* **E. L. Donegan**
Toronto, Ontario

* **Gordon N. Fisher**
Toronto, Ontario

* **Hugh G. Hallward**
Montreal, Quebec

* **G. L. Meadows, CA**
Toronto, Ontario

* **J. Jacques Pigott**
Toronto, Ontario

Southam Communications Limited

* **Edward J. Mannion**
chairman and chief executive officer
* **Sidney J. Cohen**
president

G. W. Funston
vice-president
D. E. McClure
vice-president
G. G. Stewart
vice-president
C. Summerfield
vice-president
A. P. Varcoe, CA
vice-president, finance
and secretary

* **E. L. Donegan**
Toronto, Ontario

* **Gordon N. Fisher**
Toronto, Ontario

* **G. L. Meadows, CA**
Toronto, Ontario

* **J. Jacques Pigott**
Toronto, Ontario

* **Adam H. Zimmerman, FCA**
Toronto, Ontario

Coles Book Stores Limited

* **Gordon N. Fisher**
chairman of the board
* **Ronald J. Fairholm**
president

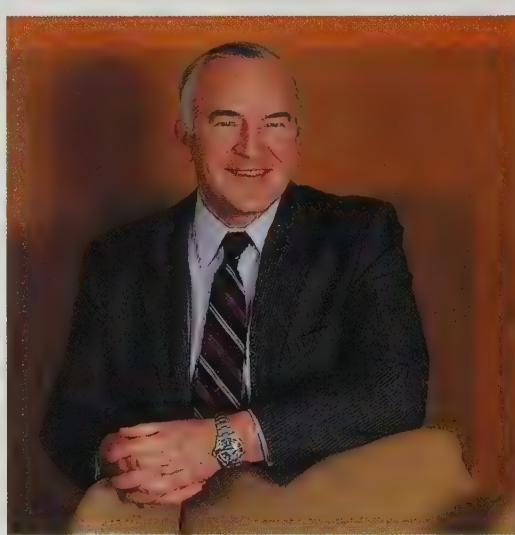
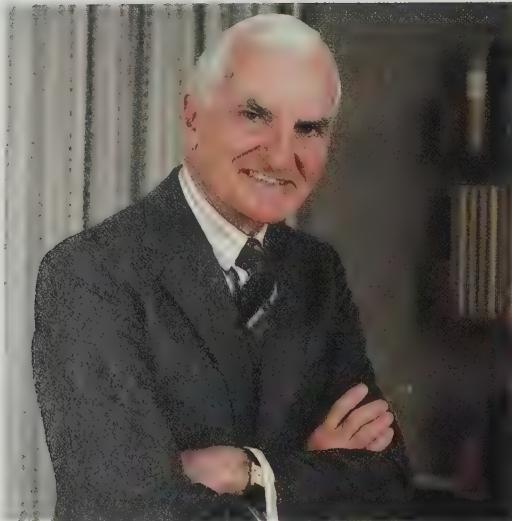
Jeffrey B. Cole
vice-president, publishing
Charles Snow
vice-president, finance and
secretary
* **Frederick Best**
Toronto, Ontario
* **Jack Cole**
Toronto, Ontario

* **Hugh G. Hallward**
Montreal, Quebec

* **G. L. Meadows, CA**
Toronto, Ontario

S

Directors and officers



St. Clair Balfour

Elected director 1953.
Born Hamilton, 1910.
BA (Toronto). Joined The Spectator, Hamilton 1931; publisher 1951; vice-president and managing director, Southam Inc. 1954; president 1961; chairman 1975. Governor Toronto Stock Exchange, director Ontario Heart Foundation, Canadian Executive Service Overseas, member Governing Council University of Toronto.



G. Hamilton Southam, OC

Elected director 1964.
Born Ottawa, 1916.
BA (Toronto). Joined The Times of London 1945; The Citizen, Ottawa 1946. Joined Department of External Affairs 1948; Secretary of Legation, Stockholm, 1949-1953; Chargé d'Affaires and later Ambassador, Warsaw, 1959-1962. Coordinator National Arts Centre, Ottawa 1964, Director-General 1967-1977. Chairman Festival Canada 1977-1979. Chairman National Theatre School 1979, Canadian Mediterranean Institute 1980.



Marnie Paikin

Elected director 1978.
Born Toronto, 1936.
BA (University of Western Ontario). President, Hamilton Foundation; Member, Ontario Council of Health; Member, Ontario Council on University Affairs; Trustee, Toronto General Hospital. Past chairman, Governing Council, University of Toronto; past chairman, Hamilton Place.



Hugh G. Hallward

Elected director 1974.
Born Montreal, 1926.
BA (McGill). President Argo Construction Ltd. Chairman, board of directors, Bishop's College School; member of executive committee, board of governors McGill University and a director of a number of Canadian companies.



George L. Crawford, QC
Elected director, 1959.
Born Edmonton, 1915.
Called to Alberta Bar in 1939. Associate of McLaws & Company. Honorary Life Member Y.M.C.A. Past president Calgary Exhibition & Stampede. Director Canadian Utilities Ltd., Norwich Union Life Insurance Society, Selkirk Communications Limited, Continental Bank of Canada, IAC Limited and other Canadian companies.



Gaston Pouliot, QC
Elected director 1975.
Born Farnham, Quebec, 1922.
Called to Quebec Bar in 1944. Partner, law firm Pouliot, Dion, Guilbault, Payette, Caron. Director of a number of Canadian companies.



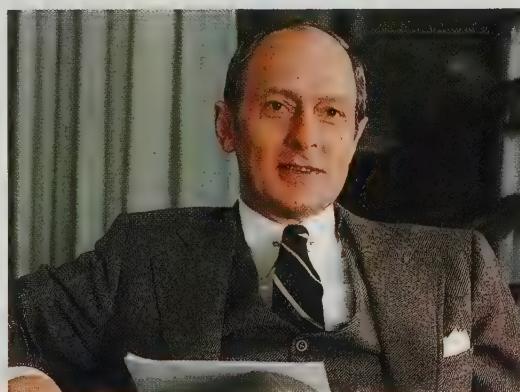
Wilson J. H. Southam
Elected director 1971.
Born Calgary, 1932.
BA (McGill), MA (Oxford). Reporter, The Spectator, Hamilton 1960. Canadian Broadcasting Corporation public affairs writer, director, producer, 1963-1966. President Cox Systems. Member Health Council of Ontario. Director Lively Arts Marketing Board; Owl Magazine and various community organizations.



J. Norman Hyland
Elected director 1973.
Born Vancouver, 1913.
B.Comm. (U.B.C.). Chairman Pacific Press Ltd. Director MacMillan Bloedel Limited and a number of other Canadian companies.



Gordon T. Southam
Elected director 1955.
Born Ottawa, 1910.
Joined The Citizen, Ottawa 1930; The Province, Vancouver 1936. President, Gordco Investments Limited.



Adam H. Zimmerman, FCA
Elected director 1970.
Born Toronto, 1927.
BA (Toronto). Joined Noranda Mines Limited as assistant comptroller 1958; comptroller 1961; vice-president 1966; executive vice-president and director 1974. Chairman Fraser Companies, Maclarens Power & Paper Company, Noranda Metal Industries Limited, Noranda Aluminum Inc.; president Northwood Pulp and Timber Limited. Director, manufacturing and forest product subsidiaries and associates of Noranda and several Canadian public companies. Director Branksome Hall School. Trustee Hospital for Sick Children.



J. Jacques Pigott, P.Eng.
Elected director 1962.
Born Detroit, Mich. 1916.
B.A.Sc. (Toronto). Director Pigott Investments Ltd., North American Life Assurance Co., Victoria & Grey Trust Ltd. President Canadian Paraplegic Association; trustee Lyndhurst Hospital.



William Newbigging

Born Toronto, 1939.

Joined Edmonton Journal 1957; city editor 1965; news editor 1967; assistant to the publisher 1971; executive assistant to the publisher The Citizen, Ottawa 1973; business manager 1974; general manager 1976; assistant publisher and general manager 1977; vice-president and publisher 1978.



John D. Muir

Elected director 1978.
Born London, Ontario, 1919.

B.Comm. (Queen's).
Joined The Spectator, Hamilton as retail advertising manager 1952; advertising sales manager 1954; business manager 1959; assistant publisher 1970; vice-president and publisher 1971. Canadian director Newspaper Publishing Premium Fund Committee.



George L. Meadows, CA

Born Toronto, Ontario, 1938.

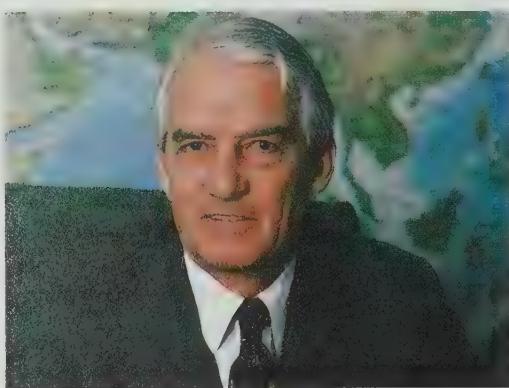
BA (Toronto). Clarkson, Gordon & Co. 1963-1973. Project Group of Canada Ltd. 1973-1974; joined Southam Business Publications Limited 1974 as secretary-treasurer; vice-president and secretary-treasurer 1976; joined head office as assistant to the president 1977; vice-president, corporate development 1978.



Gordon Bullock

Born Leeds, England, 1932.

Various British newspapers 1949-1954. Daily News, Hamilton 1954; Joined The Spectator, Hamilton 1957, managing editor 1966, executive editor 1970, business manager 1975, general manager 1976; assistant publisher Edmonton Journal 1977; vice-president and publisher The Windsor Star 1979.



Peter O'Brian

Born Toronto, 1917.

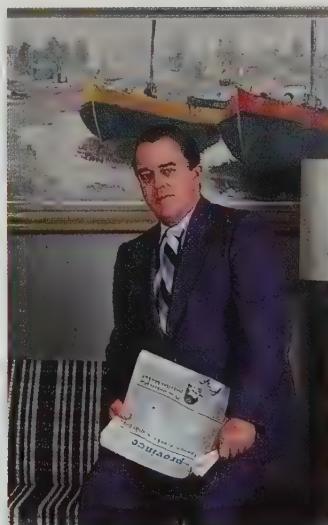
RAF, 1937-1959; graduate RAF College, England, W. H. Smith & Son (Canada) Ltd., 1960. Urwick, Currie Limited 1963. Joined Southam Inc. as assistant to the president 1965; vice-president, personnel 1967. Life governor Trinity College School. Chairman Canadian Corps of Commissionnaires (Toronto & Region).



William J. Carradine

Born Smooth Rock Falls, Ont., 1929.

BA Journalism, MBA (University of Western Ontario). Procter & Gamble 1954-1968. Vice-president and general manager London Free Press 1968-1972. Joined Southam head office as vice-president 1972; vice-president, administration 1973; senior vice-president 1980.



E. H. Wheatley

Born Calgary, 1927.

Joined The Calgary Herald 1945; Toronto office Southam Newspapers 1950; national advertising manager The Calgary Herald 1958; advertising director Edmonton Journal 1960, marketing director 1968, assistant to the publisher and marketing director 1970; publisher The Brantford Expositor 1971; vice-president and publisher The Windsor Star 1976; publisher The Winnipeg Tribune 1977; president and general manager Pacific Press Limited 1980. Director Audit Bureau of Circulations.



E. J. Mannion

Elected director 1978.
Born Preston, Ontario, 1927.

Joined Thomson Newspapers 1948; retail advertising director 1954; director of sales 1957; general manager, Thomson Newspaper U.S. 1966. President and publisher, Southstar Publishers Limited 1968; chairman and chief executive officer, Southam Communications Limited 1978.



Brian H. Shelley, CA

Born Manchester, England, 1917.

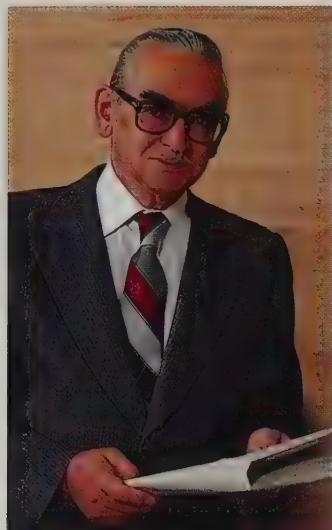
McDonald, Currie & Co., Toronto 1947, Brascan Limited, Sao Paulo, Brazil 1950. Appointed secretary-treasurer Southam Inc. 1957; vice-president finance and secretary 1971.



Sidney J. Cohen

Born Toronto, 1933.

Joined Hugh C. MacLean Publications Ltd. (now Southam Communications Limited) as circulation manager 1953; director of research 1957; business manager 1960; publisher 1964; vice-president 1971; executive vice-president 1975; president 1977. Past president Canadian Business Press.



John S. Ward
Born Toronto, 1919.
MacLaren Advertising Company Limited, 1946. Joined Southam Newspapers, Toronto, 1948; assistant advertising manager Edmonton Journal 1950; advertising director 1951; vice-president, marketing, head office, 1960.



Frank G. Swanson
Elected director 1971.
Born Edmonton, 1917.
BA (Alberta), MSc (Columbia). Joined Edmonton Journal 1938; Southam London bureau 1945; The Citizen, Ottawa 1948; associate editor 1956; editor 1960; assistant publisher The Calgary Herald 1961; vice-president and publisher 1962. Director Royal Canadian Geographical Society. Associate director Calgary Exhibition and Stampede.



D. G. Scott, FCA
Born Toronto, Ontario, 1924.
Thorne Riddell & Co. 1942. Joined Southam Printing Limited as controller 1954, appointed treasurer 1962, secretary-treasurer 1967, vice-president finance and secretary 1975, president 1980.



Robert McConnell
Born Vancouver, 1942.
BA English (University of British Columbia), Masters in English (University of Chicago). Joined Vancouver Province 1965; assistant city editor 1966; editorial writer 1968; Victoria Bureau 1970; editor 1972; executive assistant to the publisher The Gazette, Montreal 1976; general manager 1977; assistant publisher 1979; vice-president and publisher 1979.



J. Patrick O'Callaghan
Born County Cork, Ireland, 1925.
Various British newspapers, 1947-1959. Red Deer (Alberta) Advocate 1959. Joined Edmonton Journal as assistant to the publisher 1968; executive editor Southam News Services 1969; executive assistant head office 1971; vice-president and publisher The Windsor Star 1972; publisher Edmonton Journal 1976. Vice-president Canadian Daily Newspaper Publishers Association; director The Canadian Press, American Press Institute.



Ronald J. Fairholm
Born Montreal, 1932.
Avon Products, Ltd. 1961; president and chief executive officer 1972. Joined Coles Book Stores Limited in 1980 as executive vice-president; president and chief executive officer 1981.



Fred Best
Elected director 1978.
Born Berlin, Germany, 1913.
Joined Canadian Printing & Lithographing Co. Ltd. 1945; general manager 1952; president 1960. President Offset Print & Litho Ltd. and Canprint Holdings Ltd. on acquisition by Southam Inc. in 1971. Vice-president and director Southam Printing Limited 1972; president 1975; chairman 1978. Past president Graphic Arts Industries Association; director Graphic Arts Technical Foundation; chairman Canadian Graphic Arts Scholarship Trust Fund.



L. John Rothwell, P.Eng.
Born Margate, England, 1927.
Joined the company as vice-president, engineering & production 1972. Previously North American president of Crabtree-Vickers Ltd. Member of the Graphic Arts Advisory Committee of The Rochester Institute of Technology. Fellow of the Institution of Mechanical Engineers, London, England.



Paddy Sherman
Born Newport, England, 1928.
Various British newspapers 1947-1952. Joined The Province, Vancouver 1952; editor 1965; vice-president and publisher 1972. Chairman, Canadian section, International Press Institute. Founding director Mountain Rescue Group and Outward Bound, Canada. Author: Cloud Walkers (1965); Bennett (1966); Expeditions to Nowhere (1981).



C. W. Davey
Born Chatham, Ontario, 1928.
BA (Journalism) University of Western Ontario. Chatham News 1948; Northern Daily News 1951; Globe and Mail 1951; managing editor 1963; Publisher Vancouver Sun, 1978; vice-president Pacific Press 1981.

Southam Inc.
 Head Office
 321 Bloor Street East
 Toronto, Ontario
 M4W 1H3
 (416) 925-2881

Subsidiaries	Agency Press Limited Canadian Publishers Company Limited Coles Book Stores Limited Coles Publishing Company Limited Coles the book people! Inc. Corpus Information Services Limited (60%) Journal of Commerce Limited McLaren, Morris and Todd Limited Pacific Press Limited	Les Publications Éclair Ltée Southam Communications Limited Southam Communications Inc. Southam Farwest Printing Limited Southam Printing Limited South-Times Publishing Limited (75%) Trans Ad Limited Vancouver Newspapers Limited Videosurgery Limited
Associated companies (50% owned)	Avcor Audio/Visual (1980) Corporation Panex Show Services Ltd.	Pentacle VIII Productions Limited
Newspapers	The Gazette, Montreal The Citizen, Ottawa The North Bay Nugget The Spectator, Hamilton The Brantford Expositor The Sun-Times, Owen Sound The Windsor Star The Sault Star	The News, Medicine Hat The Edmonton Journal The Calgary Herald The Citizen, Prince George The Province, Vancouver The Vancouver Sun Financial Times of Canada, Toronto
	News bureaux Ottawa, Halifax, Quebec City, Montreal, Toronto, Calgary, Vancouver, Washington, London, Paris, Nairobi, Tokyo	
	Newspaper advertising offices Toronto, Montreal and representation in Vancouver	
Operating printing divisions	Agency Press, Vancouver, British Columbia Canadian Publishers, Calgary, Alberta Canadian Publishers, Winnipeg, Manitoba Gazette Canadian Printing, Candiac, Quebec McLaren, Morris and Todd, Mississauga, Ontario	Offset Print & Litho, Don Mills, Ontario Southam Business Forms, Candiac, Quebec Southam Farwest Printing, Burnaby, British Columbia Southam Murray Printing, Weston, Ontario Southam Specialty Printing, Candiac, Quebec
Business publications	Administrative Digest Bath & Kitchen Marketer British Columbia Lumberman Building Guide Canadian Architect, The Canadian Chemical Processing Canadian Consulting Engineer Canadian Doctor Canadian Footwear Journal Canadian Forest Industries Canadian Industrial Equipment News Canadian Mining Journal Canadian Office Products and Stationery Canadian Petroleum Canadian Plastics Canadian Transportation & Distribution Management Canadian Travel News Construction West Daily Commercial News & Construction Record Drilling Canada Electrical Equipment News Electronics & Communications Engineering & Contract Record Executive	Génie-Construction Gifts & Tablewares Health Care Heating Plumbing & Air Conditioning Journal of Commerce Laboratory Product News Meetings & Incentive Travel Modern Medicine of Canada/ Médecine Moderne du Canada Opérations Forestières Oral Health Pool Industry Canada Plomberie Chaudage et Climatisation Pulp & Paper Canada Shop Water & Pollution Control

Annuals and directories	Corpus Almanac of Canada Dental Guide Electronic Procurement Index of Canada Health Care Products & Suppliers Directory Heating, Plumbing & Air Conditioning Buyers Guide Laboratory Buyers Guide Le Guide de L'ACHETEUR Opérations Forestières Annuaire Pulp & Paper Annual Directory Transportation Guide Water & Pollution Control Directory and Environmental Handbook Yardsticks for Costing
Newsletters and loose-leaf services	Eco/Log Week Energy Analects Daily Oil Bulletin Eco/Log Canadian Pollution Legislation Corpus Chemical Report Corpus CPI Corporate Report Ottawa Week Public Sector, The
Shows and exhibitions	International Electrical, Electronics Conference & Exposition International Underwater Show ISA Instrument Show Kitchener-Waterloo Industrial and Business Show Manitoba Industrial/Business Equipment Exhibition Materials Handling & Distribution Show Montreal Graphic Trade Show Montreal Fall Gift Show Montreal Spring Gift Show National Home Show National Petroleum Show Northern Ontario Industrial & Business Show Ontario Floorcovering Market Ottawa Garden, Pool & Landscape Show Ottawa Industrial & Business Show Photo & Travel Show Production Machinery, Shop, Tool & Technology Show Round-Up Sanitation & Maintenance Show Silvicultural Equipment Exhibition Toronto Fall Gift Show Toronto International Gourmet Show Toronto Spring Gift Show Vancouver Fall Gift Show Vancouver Home & Garden Show Vancouver Island Business Show Vancouver Spring Gift Show Western Ontario Industrial & Business Show (London)
Services	Southam Direct Marketing Services Southam Product Cards Southam Reprint Sales Southam Sales Management Systems Southam Telephone Marketing Trade Show Consultants
Auerbach Reports CanaData Consumer Power Package Southam Books Southam Building Reports	


Ten-year comparative summary
 (Thousands of dollars except where indicated*)

		1971	1972
Income	Revenue from operations	\$ 123,999	157,641
	Operating expenses	\$ 105,273	130,755
	Interest on borrowed funds	\$ 559	1,422
	Depreciation and amortization	\$ 2,822	3,864
	Operating income before tax	\$ 15,345	21,600
	Income taxes	\$ 7,933	10,579
	Operating income	\$ 7,412	11,021
	Income from investments	\$ 2,709	2,959
	Income from continuing operations	\$ 10,121	13,980
	Extraordinary and other items	\$ 593	(124)
	Net income	\$ 10,714	13,856
	*Net income per share	\$.86	1.11
	Dividends paid	\$ 4,653	6,556
	*Dividends per share	\$.37 1/2	.52
	Percent income distributed	% 43.4	47.3
Financial position	Current assets	\$ 23,414	28,574
	Current liabilities	\$ 19,475	25,594
	Working capital	\$ 3,939	2,980
	Investments	\$ 13,844	13,281
	Fixed assets – gross	\$ 82,345	88,888
	Accumulated depreciation	\$ 48,408	51,420
	Other assets	\$ 304	467
	Goodwill	\$ —	—
	Long-term debt	\$ 18,212	12,594
	Deferred income taxes	\$ 1,655	2,444
	Capital stock: 5 percent cumulative, redeemable,		
	convertible, voting, preferred shares	\$ 2,165	2,160
	common shares	\$ 8,000	8,005
	Retained earnings	\$ 21,992	28,993
	*Equity per common share	\$ 2.42	2.98
Statistics	** Advertising lineage – newspapers (1,000s)	197,861	250,103
	Advertising pages – magazines (1,000s)	18	21
	** Newspaper pages (1,000s)	152	171
	Magazine pages (1,000s)	37	50
	** Daily newspaper circulation – December (1,000s)	878	900
	** Tons of newsprint used (1,000s)	89	110
	** Employees	6,136	6,391
	** Salaries and wages paid	\$ 49,438	61,205
	** Employee benefits	\$ 3,222	4,326
	Improvements to plant	\$ 5,619	7,387
	Shareholders	2,689	3,524
	*Price range per common share	\$18.59-13.50	31.50-17.75
	(Price per share – Valuation day \$18.28)		
	Return on revenue (operating margin)	% 12.4	13.7
	Equity – after adjusting for goodwill previously written off (historical)	\$ 61,762	69,062
	Return on historical equity	% 16.4	20.2
	Equity – adjusted for inflation	\$ 82,341	94,005
	Return on adjusted equity	% 12.3	14.9

From 1975 onward "Consolidated Statement of Income" includes our share of the earnings of associated companies.

1973	1974	1975	1976	1977	1978	1979	1980
183,453	221,920	257,300	293,012	312,593	379,108	484,235	605,120
151,242	186,271	221,526	252,121	270,240	322,828	408,571	512,776
1,085	2,017	2,085	1,888	933	2,606	7,586	16,109
4,270	5,148	6,052	7,025	7,752	9,961	12,571	17,750
26,856	28,484	27,637	31,978	33,668	43,713	55,507	58,485
12,617	13,224	12,764	14,223	14,058	17,982	24,579	26,858
14,239	15,260	14,873	17,755	19,610	25,731	30,928	31,627
4,094	3,950	5,085	5,698	6,436	5,293	3,132	3,496
18,333	19,210	19,958	23,453	26,046	31,024	34,060	35,123
302	813	10,825	659	—	2,209	5,590	(5,734)
18,634	20,023	30,783	24,112	26,046	33,233	39,650	29,389
1.49	1.61	2.37	1.93	2.09	2.67	3.18	2.36
8,168	9,799	9,772	9,882	10,861	14,616	14,989	19,960
.65	.80	.80	.81½	.87	1.17	1.20	1.60
43.8	48.9	31.7	41.0	41.7	44.0	37.8	67.9
35,358	45,542	56,480	58,188	65,922	104,219	127,064	154,298
33,825	40,771	43,547	51,323	50,874	81,582	113,476	137,554
1,533	4,771	12,933	6,865	15,048	22,637	13,588	16,744
13,134	13,339	18,744	30,839	35,469	38,103	48,347	43,698
97,664	109,212	126,900	132,216	147,879	175,581	199,532	293,326
54,422	55,613	59,877	61,577	66,996	74,173	82,214	93,206
469	446	327	240	253	234	344	1,388
2,185	2,909	7,323	5,307	5,451	30,180	30,030	62,737
8,347	10,390	12,693	4,168	6,480	39,782	27,289	125,416
3,562	6,106	10,688	12,543	14,952	18,491	22,932	30,198
2,160	2,160	2,160	2,160	2,160	2,160	1,823	1,823
8,005	8,005	8,005	8,005	8,005	8,005	8,798	9,036
38,489	48,403	72,804	87,014	105,507	124,124	148,785	158,214
3.75	4.55	6.52	7.66	9.15	10.66	12.68	13.44
272,771	294,294	320,414	354,821	373,951	395,266	433,994	458,908
21	22	22	25	20	17	17	18
173	180	192	208	214	225	240	253
52	52	52	54	44	41	40	42
891	881	942	985	1,013	1,134	1,155	1,476
114	114	119	132	142	148	162	189
6,473	6,930	7,410	7,314	7,203	8,814	9,571	10,795
69,343	81,839	96,254	106,868	111,879	125,777	154,632	188,912
5,039	6,581	7,781	9,366	10,457	11,298	13,209	16,379
9,536	14,782	17,048	12,976	18,828	24,354	31,626	81,801
3,526	3,546	4,027	4,120	4,134	4,165	3,941	4,274
33.00-25.50	30.25-20.00	29.00-21.50	26.00-17.88	23.00-17.75	27.25-19.75	29.00-24.75	43.50-27.75
14.6	12.8	10.7	10.9	10.8	11.5	11.5	9.7
78,558	88,472	112,873	127,083	145,576	164,193	189,310	198,977
23.3	21.7	17.7	18.5	17.9	18.9	18.0	17.7
112,149	137,876	176,203	206,800	247,213	288,080	343,157	394,003
16.3	13.9	11.3	11.3	10.5	10.8	9.9	8.9

**1979 financial figures have been adjusted to delete those for the Winnipeg Tribune. Statistics for the Tribune are included for advertising lineage, newspaper pages, daily newspaper circulation, tons of newsprint, employees, salaries and employee benefits.



Southam Inc.